IN THE HIGH COURT OF JUDICATURE FOR RAJASTHAN AT JAIPUR BENCH JAIPUR.

ORDER
In
S.B. Company Application No. 43 of 2006

IN THE MATTER OF THE COMPANIES ACT 1956
AND
IN THE MATTER OF SECTION 391 OF THE COMPANIES ACT 1956
AND
IN THE MATTER OF SCHEME OF SCHEME OF ARRANGEMENT BETWEEN LORDS CHLORO ALKALAI LIMITED AND ITS SECURED CREDITORS.

Date of Order : August 18, 2006

P R E S E N T

HON'BLE MR. JUSTICE SHIV KUMAR SHARMA

Mr. Jagmohan Saxena for the applicant.

BY THE COURT

The applicant Lords Chloro Alkali Limited (formerly known as Modi Alkalies & Chemicals Limited) filed this application under sections 391 & 394 of the Companies Act, 1956 (hereinafter shall be referred to as the Act of 1956) for a direction of the Court as to the method of convening, holding and conducting the meeting of the secured creditors of the applicant company, as to the notices and advertisement to be issued, for the purpose of considering and, if thought fit, approving with or without modification, the

scheme of arrangement between Lords Chloro Alkali Limited and its secured creditors.

2. That the applicant company was incorporated on March 1, 1979 in the State of Punjab originally under the name and style of Modi Alkalies and Chemicals limited. Subsequently in the year 1979 itself, the registered office of the applicant was shifted to industrial Area Alwar (Rajasthan). The name of the applicant company was subsequently changed to Lords Chloro Alkalies Limited on Feb. 1, 2003.

3. The position authorized issued, subscribed and paid up capital of the applicant company as on date is detailed out in para No.3 of the application.

4.The main objects of the applicant company as set out in the object clause of its Memorandum of Association, have been detailed out in para No.3 of the application. The copy of the latest audited annual accounts of the applicant company has been submitted as Annexure P-2 to the application.

5. That the petitioner company had availed financial assistance from the IDBI, IFCI, PNB, ICICI, SBI, Indian Bank, Syndicate Bank, IIBI, UTI and RIICO. It was stated in the petition that the company had operated successful till for almost fifteen years. Thereafter it had incurred financial losses and as a result of which its net worth had fully eroded. Upon erosion of its net worth as on June 30, 1999, the petitioner company filed a reference, which was rejected by the BIFR. Upon further erosion of its net worth as on June 30, 2000, the company had accordingly filed another

reference with the BIFR. The BIFR vide its order dated January 15, 2002 had declared the petitioner company as a sick industrial company in terms of section 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) on the basis of its reference for the financial year ending on June 30, 2000. It was stated in the petition that while the petitioner company was in the process of entering into negotiation with its secured creditors for settlement of their dues, the BIFR vide an exparte order dated June 2, 2004 formed prima facie opinion to wind up the petitioner company under section 20 (1) of SICA and accordingly directed issuance of show cause notice for winding up of the petitioner company. The petitioner company filed an appeal before the Appellate Authority for Industrial and Financial Reconstruction. In the interregnum the dues of PNB, SBI were settled at 26.5 % of the principal by effecting payments to the tune of Rs. 61.75 lacs and Rs. 55 lacs respectively in full and final settlement of their dues. The IDBI assigned its debts to D& DARC, and ICICI had assigned its debts to Sopan Securities Pvt. Ltd.. The Indian Bank had also assigned its debt to D& DARC while Syndicate Bank had assigned its debt to M/s. First Alert Fire Systems Private Limited. It has been stated in the petition that all the assignees are also prepared to settle their dues at 26.5 % of the principal. The AAIFR vide its order dated December 20, 2005 allowed the appeal and set aside the order dated June 2, 2004 and remanded back the matter to the BIFR, where the matter is currently pending. It is stated in the petition that the petitioner company is interested in settling the liabilities of its secured creditors. The IFCI, Sopan Securies Pvt. Ltd and D& DARC, who compositely constitute 86.94% of the total secured creditors vide their letters dated March 10, 2006, July 26, 2006 and June 26, 2006 expressed their willingness for the settlement of their dues at 26.5% of the principal

amount towards the full and final settlement of their dues. The Board of Directors of the petitioner company vide Board's Resolution dated July 31, 2006 approved the scheme of arrangement and the payments to be made thereunder. The copy of the Board 's resolution is Annexure P-8.

6. Having heard the learned counsel for the applicant, on perusal of the entire application, it is ordered that the meeting of the secured creditors of the applicant company for the purpose of considering and if thought fit, approving with or without modifications, the proposed scheme of arrangement between the company and its existing creditors shall be convened and held as per the following schedule -

Name	Date and time	Place
Secured creditors of the Company	9.9.2006 at 11.00 a.m.	Hotel Park Plaza Jaipur.

7. That at least 21 clear days before the days fixed for the meetings an advertisement convening the same and stating that copies of the said proposed scheme of arrangement required to be furnished shall be furnished pursuant to section 393 of the Act, 1956 and forms of proxy can be obtained free of charge at the office of the applicant company or from the office of its advocates be advertised once in the dailies namely, English News paper -Hindustan Times (New Delhi Edition) and Hindi News paper-Dainik Bhaskar (Jaipur Edition).

8. That at least 21 clear days before the meetings to be held as aforesaid

a notice convening the said meetings at the place and time aforesaid, together with the copy of the said scheme of arrangement, a copy of the statement required to be sent under section 393 of the Act, 1956 and the prescribed form of proxy, shall be sent by prepaid post under certificate of posting addressed to each of the secured creditors, whose meetings are to be held at the venue mentioned above.

9. That the advocates for the applicant company do, within the time as they consider necessary and at least within three days, file in Court the forms of the advertisement, the notices and statement to accompany the notices, and the same shall be settled by the Registrar of this Court.

10. Shri Suresh Pareek, Advocate, Rajasthan High Court, Bench Jaipur shall be the Chairman of the meeting of the secured creditors to be held on September 9, 2006 at 11.00 a.m. as aforesaid. The applicant company shall deposit in the court or pay within one week from today an amount of Rs. 15,000 towards remuneration to the Chairman for presiding the meeting aforesaid. The applicant company shall also bear the expense of conveyance of the the Chairman for the said meeting.

11. That the Chairman appointed for the meeting through applicant Company, do issue the advertisement and send out the notices of the meeting referred to above.

12. That the quorum for the said meetings shall be as per the provisions of the Act, 1956

13. That voting by proxy be permitted, provided that a proxy in the

prescribed form duly signed by the person entitled to attend and vote at the meeting, is filed with the applicant company at their registered office, aforesaid not later than forty eight hours before the meeting scheduled to be held.

14. That the value of each secured creditors shall be in accordance with the books of the applicant company where the entries in the books are disputed the Chairman shall determine the value for purposes of the meetings

15. And it is further ordered that the Chairman do separately report to this Court the result of the said meeting within seven days of the conclusion thereof, and the said report shall be verified by his affidavit.

16. With these directions the application accordingly stands disposed of.

(SHIV KUMAR SHARMA)J.

Pareek/